

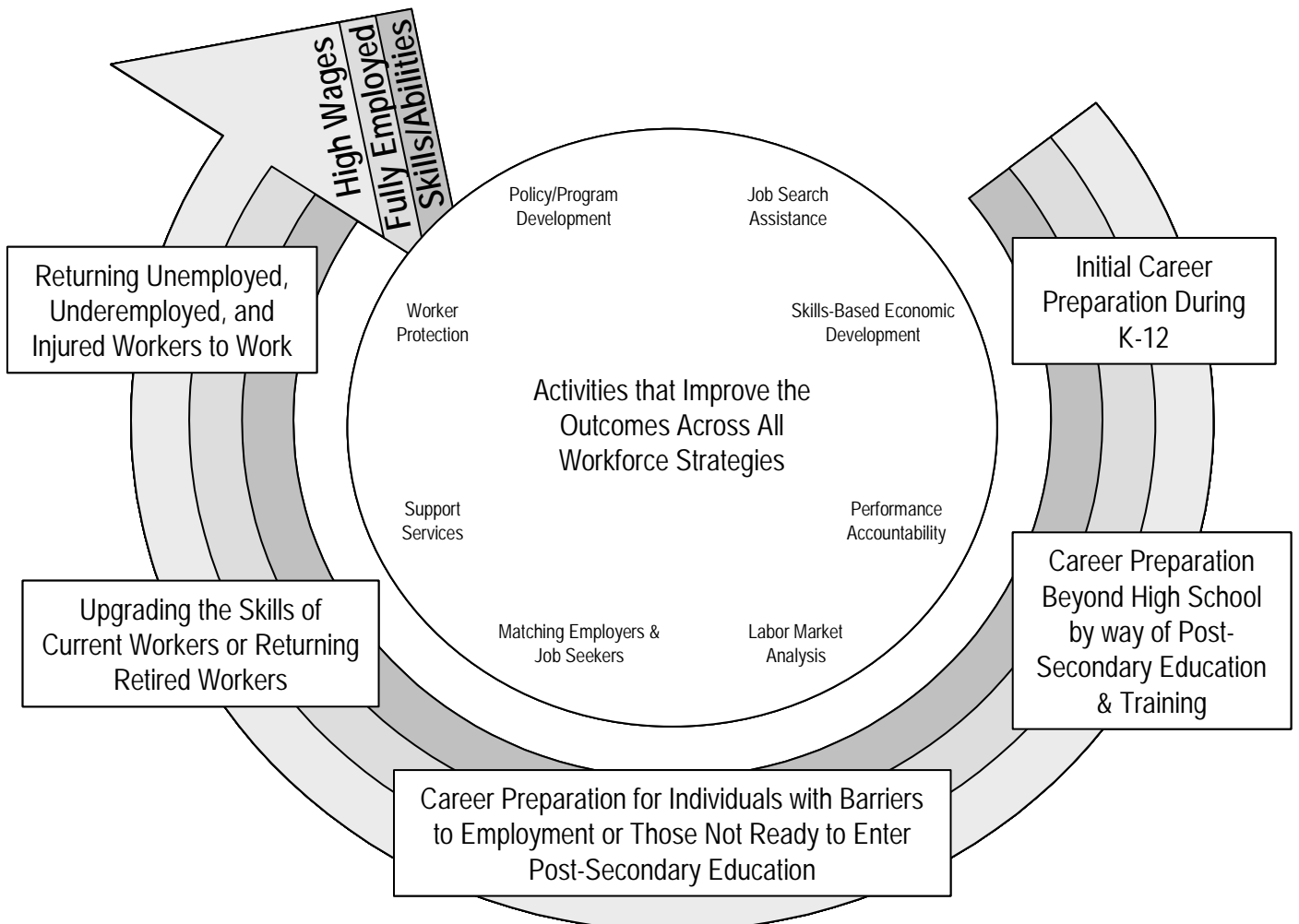
Improve the Quality and Productivity of the Workforce Tollgate #2

1. Map of Causal Factors

Indicators and Goals for Washington's Workforce

GOALS	Possess the skills and abilities required by employers	Fully employed	Earn a high standard of living
	<i>Increase in the ratio of newly prepared skilled workers to the number that employers will need</i>	<i>Increase in the employment rate among individuals recently served</i>	<i>Increase in the earnings level among individuals recently served</i>
INDICATORS			

Strategies for Preparing the Workforce: A Lifecycle Blueprint



2. Assess the performance progress in this result area-Update (New information since Tollgate #1 only)

Updated indicator info:

In tollgate #1 we mentioned that the indicators for our area are greatly impacted by cyclical national and state economic factors, which tend (in the short-term) to overwhelm the incremental impacts of specific state investments. In an effort to create an indicator that is less influenced by the business cycle we propose the following change to our first indicator (Increased possession of skills and abilities required by employers):

The new method is to compare the supply of newly prepared workers during the most recently available year with the number of job openings forecasted for the future (as opposed to the same year as the year of the supply number used in the current method.)

The current method produces a percentage that varies greatly with business cycle effects on the number of job openings. We propose changing the method to instead use the forecasted number of job openings for a future point in time based upon the forecast of long-term growth in the state economy. (That forecast does not attempt to estimate each year based upon an estimate of the timing and severity of business downturns, but instead assumes an even rate of growth over time.) Moving to the forecast not only eliminates the business cycle influence on the measure, but also makes more sense in order for the indicator to be useful for budgeting to meet future needs. Still to be worked out is which future year to be used, and the calculation of the result.

In a separate packet you will receive the demographic information that you requested for our existing indicators. Though this new data does not change our key strategies, we will use it to help inform our purchasing decisions later in the POG process.

Strategic plan analysis: Our team performed an analysis of all the agency strategic plans related to our result area and compared them to our high-level strategies. We found that all of our strategies were covered by the relevant agencies. We also found that in areas where there was an activity that cut across several entities (i.e. apprenticeship) there was a fair amount of coordination among those involved.

3. Propose high-level purchase strategies for this result area. What are the key areas where the state should take action, and how (if known at this point)?

Context

The current workforce is aging. Many skilled trades people will be retiring without enough apprentices to fill their jobs. In addition many of our high school graduates are: 1) not prepared for entry-level work; 2) not aware of the skills required by employers and; 3) not aware of the variety of employment opportunities that are available to them.

Although many employers still report difficulty in finding skilled workers, many dislocated workers are unable to obtain those jobs because they do not have the technical skills required by the employer.

In addition, Washington state's economy is changing. We are transitioning from an industrial-based economy in which we relied heavily on manufacturing to a knowledge-based economy in which we must rely on a highly educated workforce to sustain our economy and employment base.

We are also seeing changes in the type of unemployment. The Federal Reserve Bank of New York provides evidence that unemployment is increasing permanent dislocations instead of cyclical boom-and-bust rehiring. They found that cyclical and structural unemployment were each about 50% of all unemployment in the 1970s and 1980s recessions. In the early 1990s recession, the percentage of all layoffs that were "structural" climbed to 57%. In the current recession, fully 79% of all unemployment is "structural". This change in the economy suggests that public policy needs to be directed to difficult, career-changing transitions to a greater extent than in previous recessions.

Our vision is a workforce development system that offers every Washingtonian access to high quality academic and occupational skills education throughout his or her lifetime, effective help to find work or training when unemployed, and the personalized assistance to make progress in the labor market.

Our values/guiding principles include the following:

- Seek economic equity—enable all people to achieve economic self-sufficiency through the elimination of employment barriers
- Encourage partnerships—those who benefit from the workforce strategies should share the burden of paying the costs
- Ensure that customer requirements and desires drive policy, goals, and service strategies
- Identify and promote best practices

High-level Strategies:

The following are 6 key strategies that contribute to achieving our result:

Career Preparation During K-12

About one-third of high school graduates go straight to work without postsecondary education or training. This fact illustrates the need to place an emphasis not only on reading, writing, and math so that college-bound students can move effectively to their next stage, but also on vocational training in the K-12 system so that non-college bound students can make a smoother transition into the workforce. Research shows that non-college bound high school graduates who take vocational courses, start their career more successfully. Their wages and employability are higher than those for similar students who did not take vocational courses.

In addition to preparing students who want to go immediately to work following high school, vocational training also prepares students for postsecondary education and training. About half of secondary vocational students go on to higher education. And all students, no matter their future expectations, can benefit from improvements in career

guidance that will help them plan their future and how to be successful in meeting their goals.

Career Preparation Beyond High School

Individuals ready to start their careers need assistance in searching for a job, including links to employers with specific job openings. For individuals whose career aspirations require postsecondary education, education should be accessible and training in the skills that employers want, should be offered.

Career Preparation for Individuals w/Barriers to Employment or Those not Ready to enter Post-Secondary Education

There are a variety of reasons that individuals have barriers to employment. They may have a disability, or be economically or socially disadvantaged. They may have little work experience or low literacy skills. Whatever the circumstance, these individuals require additional assistance to be prepared for postsecondary education and the workforce.

Our team has identified a growing challenge in the area of limited English proficiency. Recent surveys show that immigration to our state is increasing, which in turn is increasing the need for literacy and English as-a second-language courses (ESL). More than 255,000 Washington adults speak limited English and could benefit from ESL instruction. However, even as the demand for these programs increases, community colleges are beginning to limit the availability of Adult Basic Education (ABE) and ESL classes. Students in ABE/ESL courses pay little or no tuition. As state support is reduced and institutions begin to rely more and more upon student tuition revenues to support their operations, there is a financial incentive to limit enrollment in these important programs. With the growing number of new Americans entering our state, we must put a greater emphasis on ESL and basic literacy programs.

Upgrading the Skills of Current Workers or Returning Retired Workers

Current workers and retired workers reentering the workforce require frequent training to keep their skills up-to-date as conditions change, such as the introduction of new technology in the workplace. And workers seeking career advancement require information on job opportunities and how to take advantage of them.

Returning Unemployed, Underemployed, and Injured Workers to Work

Sometimes workers become unemployed through no fault of their own. They may become ill or injured. Their employer may reduce operations, go out of business, or their jobs may be outsourced. For most individuals, unemployment is temporary and they find suitable work with no intervention beyond searching for a job and temporary financial assistance. Some workers, however, require training for a new occupation or industry because their health necessitates such a change or because there is a declining demand in the labor market for what they have been doing. They need new skills in order to meet the current employer demand.

The most recent population survey on worker displacement showed that about half of all workers with 3 or more years of experience who lost their jobs during the survey period did so due to plant closures or relocations. In other words, workers with substantial tenure and potentially outdated skills lost jobs that will not be coming back. The survey also showed that older workers are substantially less likely than younger workers to be re-employed within a year of layoff. These examples demonstrate the need to have a policy of providing skill upgrades and other re-employment supports to dislocated workers to help them retain their economic positions.

Activities that Improve Outcomes Across all Workforce Strategies

This strategy encompasses activities that play a vital role in each of our previously mentioned high-level strategies. They include: customer involvement in policy and program development (i.e. public-private partnerships), job search assistance, labor market information, matching employers to job seekers, worker protection (safety and health programs and employment standards enforcement), and support services such as day care.

4. Provide guidance to agencies for budgets, analysis and legislation

A. Identify operational or legal barriers to the implementation of the high-level strategies.

- ***Federal and state financial aid policies make many students ineligible.*** Many students are ineligible for financial aid because they take less than the required number of hours per quarter (primarily because they are working and attending school part-time), or they are enrolled in short-term training, or because they are taking literacy or pre-college courses that are not eligible for traditional forms of financial aid. This results in those who could benefit most from education having the least access to it (i.e. low income working adults).
- ***Vocational rehabilitation program for industrially injured workers inhibits quick return to work.*** The design of the current voc rehab system creates incentives for injured workers to stay in the system longer, lessening return to work prospects. A Business and Labor workgroup has been convened and will be reviewing key aspects of the workers' comp system (including voc rehab) this summer and fall and will make recommendations for system reforms.
- ***Higher education allocations based on FTEs instead of program cost result in disincentives.*** Some college courses are more expensive to offer because of the equipment and other infrastructure requirements. Our current system allocates funds based on FTEs and doesn't take program costs into account. This results in an increasing challenge (given tight fiscal environment) for colleges to train workers in high demand occupations such as health care and high-tech.
- ***Funding reimbursement create disincentives for colleges to offer courses that don't generate full tuition.*** Adult basic education (ABE), ESL, and

apprenticeship courses all receive partial to full tuition waivers. Although tuition waivers are discretionary, when combined with across-the-board budget cuts, colleges (especially those with a more diverse population) are put into the difficult position of trying to balance the demand for tuition waiver courses while remaining financially stable. With respect to ESL and ABE, the solution isn't as simple as eliminating the waiver. This is because over half the ESL and ABE participants live below the poverty level.

- ***Work first strategies make it harder for low income individuals to get the education and training they need to obtain high skilled family wage jobs.*** Currently the state rarely provides more than 12 weeks of training for Workfirst participants. The absence of longer-term training limits these individuals' access to higher skilled/higher wage jobs.

B. Identify opportunities to reduce the price or improve the efficiency of current services.

In general, our workforce development system operates in a POG-like manner and has implemented many tools to ensure a high level of coordination, customer input (in terms of policy and program development), customer choice, consolidation and competition. Our state's Workforce Board is the coordinating entity for workforce development in this state and has consolidated the functions previously provided by 4 different state boards. The Board maintains a state strategic plan for workforce development and a performance management system that is applied across the workforce development system, thus consolidating the steering and performance accountability functions. Currently, individuals can access services from 16 different workforce development programs at 27 comprehensive WorkSource Centers across the state.

However there are still areas of opportunity that may further reduce costs, increase efficiency, and improve service delivery. Our team identified the following areas:

- ***Coordinate career guidance and job placement services.*** Improve linkages between workforce development programs and career guidance and job placement services including the services provided through WorkSource.
- ***Desegregate WorkSource resource rooms.*** Currently Work First resource rooms are separate from the general workforce population. These rooms should be combined to eliminate the duplication of services and increase access to equipment.
- ***Increase linkages to employers.*** Additional efforts should be made to be more responsive to employers' needs.

C. Identify new initiatives and areas of budget focus that should be pursued based on Tollgate #1 and #2 analysis.

The following initiatives should be explored:

- Potential for workers' comp vocational rehabilitation program and WorkSource collaboration.
- Feasibility of consolidating the cutting and mailing of checks for workers' comp and unemployment benefit payments.
- Potential for coordinating research functions, data collection, and contact w/ employers (i.e. audits) by Employment Security, Labor and Industries, and the Dept. of Personnel.

Specific areas of budget focus should include:

- Career counseling at the secondary and post secondary level
- General workplace skills
- Integration of adult literacy and occupational skills training
- Occupational skills training for those with barriers to employment
- Increase linkages to employers
- Expanded training in high demand fields demanded by employers

D. Identify specific research projects and budget proposals that may aid the team's development of the detailed purchase plan in the fall.

- Many students in the community college system often complain that they must take asset/placement tests that are not accepted at other state community colleges. This results in students having to retake a variety of asset tests when they transfer from one college to another. Our team is interested in evaluating the different types of assessments and their portability to other institutions/entities. This may include assessments that are performed by DSHS for work first clients, or those performed by Employment Security. Should these assessments reflect employers' needs? Should asset/placement tests be uniform for our public colleges?